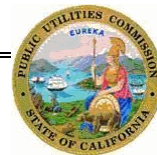


## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

**FILED**

May 23, 2014

Agenda ID#13028  
Alternate to Agenda ID#12824  
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 08-03-015

Enclosed is the Alternate Proposed Decision of Commissioner Carla J. Peterman. On March 6, 2014 Administrative Law Judge Maryam Ebke issued the original proposed decision (PD) and it appeared on the Commission's Agenda on April 10, 2014 as Item 8. This PD has been held to the June 12, 2014 Business Meeting. Due to the issuance of this Alternate PD, the item needs to be postponed to the June 26, 2014 Business Meeting to comply with Pub. Util. Code § 311(e) requirement.

When the Commission acts on this agenda item, it may adopt all or part of it as written, amend or modify it, or set aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Public Utilities Code Section 311(e) requires that an alternate to a proposed decision or to a decision subject to subdivision (g) be served on all parties, and be subject to public review and comment prior to a vote of the Commission.

Parties to the proceeding may file comments on the alternate proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov). Pursuant to Rule 14.3 opening comments shall not exceed 15 pages.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Maryam Ebke at [Maryam.Ebke@cpuc.ca.gov](mailto:Maryam.Ebke@cpuc.ca.gov) and Commissioner Peterman's advisor Julie Fitch at [Julie.Fitch@cpuc.ca.gov](mailto:Julie.Fitch@cpuc.ca.gov). The current service list for this proceeding is available on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

/s/ TIMOTHY J. SULLIVAN

Timothy J. Sullivan, Chief

Administrative Law Judge (Acting)

TJS:vm2

Attachment

**Digest of Differences Between  
Administrative Law Judge Maryam Ebke's Proposed Decision  
Agenda ID # 12824 and the Alternate Proposed Decision  
Agenda ID # 13028 of Commissioner Carla J. Peterman**

**ATTACHMENT**

The main difference between this Alternate of Commissioner Peterman and the Proposed Decision of ALJ Ebke is that the Alternate affirmatively requires Southern California Edison (SCE) to conduct at least one, and possibly two, additional solicitations in the Solar Photovoltaic Program prior to any proposal to terminate the program. Thus, the Alternate partially grants the petition for modification of Decision 12-02-035 by the Solar Energy Industries Association, rather than denying the petition, as the Proposed Decision suggests.

The rationale for this affirmative requirement for more solicitation opportunities is two-fold: 1) the original commitment made by the utility and this Commission to the 1-2 megawatt rooftop solar market through the adoption of this program and the fact that the expected project opportunities and possible cost reductions in solicitations have not yet occurred, and 2) the changed circumstances in the SCE territory with respect to the need for local generation after the permanent closure of the San Onofre Nuclear Generating Station.

Decision **ALTERNATE PROPOSED DECISION OF  
COMMISSIONER PETERMAN** (Mailed 5/23/2014)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Edison  
Company (U338E) for authority to  
Implement and Recover in Rates the Cost of  
its Proposed Solar Photovoltaic (PV)  
Program.

Application 08-03-015  
(Filed March 27, 2008)

**DECISION GRANTING, IN PART, THE SOLAR ENERGY INDUSTRIES  
ASSOCIATION PETITION FOR MODIFICATION OF DECISION 09-06-049 AND  
DECISION 12-02-035 (SOLAR PHOTOVOLTAIC PROGRAM)**

**1. Summary**

This decision partially grants the Solar Energy Industries Association's (SEIA) petition for modification of Decision (D.) 09-06-049 and D.12-02-035 regarding the Solar Photovoltaic Program (SPVP).

SPVP, as adopted in 2009, was for 500 megawatts (MW) of direct current (DC) solar photovoltaic generation, with 250 MW to be owned by the utility and 250 MW to be owned by independent power producers (IPPs). As modified in 2012 and again in 2013, the total program remains at 500 MW but 91 MW are designated for utility ownership, 125 MW are designated for IPP ownership, and

the remaining 284 MW have been transferred to the Renewable Auction Mechanism (RAM) program.<sup>1</sup>

The IPP projects in SPVP were to be selected through a series of annual solicitations over a five-year period. As of the date of this decision, only one year and two expected solicitations remain, but only 25.5 MW are under contract and approved by the California Public Utilities Commission (Commission). SEIA requests that the IPP portion of SPVP be modified to increase the size of the next solicitation and to authorize two additional solicitations. This decision grants SEIA's request, in part, and requires Southern California Edison Company (SCE) to conduct one additional SPVP solicitation for the remaining IPP MW, with emphasis on acquiring projects within the local area affected by the closure of the San Onofre Nuclear Generating Station.

Should this fourth SPVP Request for Offer not result in a total of 125 MW of SPVP IPP capacity under contract, SCE shall then conduct one additional solicitation for the remaining capacity up to 125 MW prior to the end of 2015. If both solicitations still fail to result in at least 125 MW of capacity through SPVP contracts, SCE shall file a petition to modify this decision, and not a Tier 2 Advice Letter as previously required by D.12-02-035, to request authorization to close the program without reaching the 125 MW of IPP projects required. Any such petition for modification shall be filed no earlier than the date of the submission of the last round of SPVP projects for Commission

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<sup>1</sup> Capacity in SPVP is measured in DC, while the capacity in RAM is measured in alternating current (AC). Except as otherwise noted, all references to MW in this decision are in DC. When transferring MW from SPVP to RAM, the Commission has used a factor of 0.9 to convert DC to AC. (D.12-02-035 at 22 (*footnote 23*).)

approval. No other changes are made to the SPVP program, or the RAM program, at this time. This proceeding is closed.

## **2. Background**

### **2.1. Procedural Background**

On June 22, 2009, we adopted a Solar Photovoltaic Program (SPVP) for Southern California Edison Company (SCE). (*See* Decision (D.) 09-06-049.) SPVP is a five-year program to develop 500 megawatts (MW) of direct current (DC) electricity procured from solar photovoltaic (PV) facilities. SPVP emphasizes projects sited on existing commercial rooftops. Participation by ground-mounted projects is limited. In addition, project size is expected to be one to two MW per project. As originally approved, the SPVP was composed of 250 MW of utility-owned generation (UOG) and 250 MW of power purchase agreements (PPA) with independent power producers (IPPs).

On December 17, 2010, we adopted the Renewable Auction Mechanism (RAM) as part of the Renewables Portfolio Standard (RPS) program. (*See* D.10-12-048 in Rulemaking (R.)08-08-009.) RAM is a procurement mechanism for utility purchases from IPP-owned eligible renewable facilities<sup>2</sup> of up to 20 MW per project. Under RAM, the three largest investor-owned utilities were required to purchase a specified amount of MW. SCE's purchase requirement for RAM was increased as a result of the transfer of MW from SPVP to RAM.

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<sup>2</sup> Eligible renewable facilities are determined by the California Energy Commission (CEC). Eligible facilities include solar PV, wind, biomass, geothermal, and several other types. (*See* RPS Eligibility Guidebook, Sixth Edition, CEC, Efficiency and Renewable Energy Division, Publication Number: CEC-300-2012-006-CMF; August 2012 at 12.)

On February 16, 2012, we partially granted SCE's petition for modification of SPVP, with conforming changes to RAM. (See D.12-02-035, which modified both D.09-06-049 (SPVP) and D.10-12-048 (RAM).) SPVP remained a five-year 500 MW program, but was adjusted to no more than 125 MW of UOG and no more than 125 MW of IPP owned generation. The remaining 250 MW (equivalent to 225 MW AC) was transferred to RAM.

On June 3, 2013, we granted a portion of an SCE petition to transfer an additional 34 MW from the UOG portion of SPVP to RAM. (D.13-05-033.) Thus the current allocation of MW in the program is 91 MW of UOG under SPVP, 125 MW of IPP owned generation under SPVP, and 285 MW (equivalent to 256 AC) under RAM.

Both RAM and SPVP are of limited duration. RAM is currently set to hold its last solicitation in June 2014, but the rulemaking remains open. SPVP is also expected to hold its last solicitation in 2014. SCE must file a Tier 2 Advice Letter before the end of the five-year SPVP if SCE plans to procure less than 115 MW from IPPs. (D.12-02-035 at 16.)

SEIA filed this Petition for Modification (PFM) of D. 09-06-049 and D.12-02-035 (Solar Photovoltaic Program) on June 10, 2013.

## **2.2. Timeline of IPP SPVP Solicitations**

The California Public Utilities Commission (Commission) directed SCE to issue competitive solicitations seeking approximately 20 percent of the 250 MW IPP program once per year. (D.09-06-049 at 42). Although SPVP is a five-year program, because of delays following the start of RAM, only four solicitations are scheduled to be held. D.12-02-035 set the target for procurement for the IPP portion at approximately 25 MWs annually, but SPVP encourages SCE "to accelerate the procurement if practical and not adverse to program costs."

(D.12-02-035, Attachment 1 Summary of Solar Photovoltaic Program (SPVP) for SCE at 2.)

The first solicitation (SPVP) Request for Offer (RFO) was conducted in 2010 and resulted in execution of 29 PPA for a total of 50.9 MW. The contracts were then submitted to the Commission for approval by Advice Letter (AL). (AL 2513-E and AL 2514-E.) According to SEIA, of the 50.9 MWs, only 19 MW remain active to date. (PFM at 3.)

SPVP RFO 2 was conducted in March 2012 and resulted in seven offers for a total of 10.7 MW. The contracts were submitted to the Commission for approval on October 31, 2012. (AL 2802-E.) However, according to SEIA, 4.2 MW were terminated because the sellers failed to provide the development security required by contract. (PFM at 3.)

On November 20, 2012, citing the small amount of MW procured to date, SEIA submitted a response to AL 2802-E asking that: (1) SPVP RFO 3 be increased to 70 MW, and (2) SCE be required to conduct a fifth SPVP RFO. (PFM at 3.) The Commission Disposition Letter for AL 2802-E stated that SEIA's request was not appropriate in the context of the Advice Letter process but that SEIA could raise the issue through a petition for modification of SPVP. (AL 2802-E, Signed Disposition Letter, February 4, 2013.)

In May 2013, SCE filed an Advice Letter regarding SPVP RFO 3 stating that it would seek a total of 100 MW in the last two SPVP RFOs. (AL 2889-E, May 8, 2013.) SCE's target for SPVP RFO 3 was 50 MW. (SCE Response at 4.)

SPVP RFO 3 launched in September 2013 and offers were due in December 2013. SCE submitted Advice Letter 3017-E seeking approval of the executed power purchase agreements resulting from SPVP RFO 3 on March 18, 2014 and it was approved by Energy Division effective May 9, 2014.

SPVP RFO 4 has not yet been scheduled but was expected to take place in summer 2014. However, SCE's comments on the proposed decision of Administrative Law Judge (ALJ) Ebke on the PFM casts doubt on SCE's plans to conduct the fourth RFO.

If, at the end of the five-year program, SCE has failed to procure at least 115 MW under the IPP portion of the program, then by current requirements SCE must file a Tier 2 Advice Letter for authorization. (D.12-02-035, Attachment 2 Summary of SPVP for SCE at 2.) That letter is due six months prior to the end of SPVP.

### **3. Timing of Petition**

A petition for modification must be filed within one year of the effective date of the decision proposed to be modified or, absent sufficient justification by petitioner for the delay the petition is subject to summary denial. (Rule 16.4(d) of the Commission's Rules of Practice and Procedure.) D.09-06-049 became effective in June 2009 and D.12-02-035 became effective in February 2012. SEIA's petition was filed more than a year after both decisions and is therefore eligible for summary denial.

In light of the additional information gained from the IPP procurement process to date, however, we do not believe that the petition should be summarily denied. SEIA could not have sought the proposed changes prior to the release of information on the status of the IPP procurement. Specifically, as of the date of filing of this petition, less than 25 percent of the IPP MW were under contract with only two SPVP RFOs remaining. An earlier petition would not have reflected this information.

We are persuaded that adequate reasons justify our consideration of the petition on its merits, and we decline to issue a summary denial.



#### 4. Petition and Responses

SEIA petitions for the following modifications:

1. SPVP RFO 4 should cover all of the 125 MW allocated to the IPP solar program that have not yet been contracted for;
2. SCE should be granted the authority to procure additional MW beyond the remaining MW, at SCE's discretion, in order to address the high failure rate; and
3. SCE should be directed to conduct two additional "clean-up" solicitations on an annual basis after the SPVP RFP 4 to account for any failed MW. The first solicitation should be held no sooner than 12 months after the contracts from SPVP RFO 4 have been approved by the Commission.

SEIA gives the following argument in support of its proposal:

At the current rate of accepted bids, the program will fall significantly short of the 125 MW goal. Specifically, as of the date of filing of the PFM, with half the scheduled solicitations already complete, only 20 percent of the IPP target had been reached. Under the original five-year plan, the procurement target was 20 percent per year. SEIA points out that if SCE had consistently procured the IPP MW at that rate, SCE would now have 75 MW instead of 25.5 MW under contract. (PFM at 4.)

In its July 10, 2013 Response to Petition of the Solar Energy Industries Association for Modification of D.09-06-049 (Solar Photovoltaic Program) (SCE Response), SCE stated that it intends to procure the remaining capacity in SPVP through the two remaining solicitations so no additional modification of the decision is needed. (SCE Response at 2.) SCE contends that it does not need to be granted authority to procure additional MWs at this time because if there are unsubscribed MW due to

project failures and terminations, and if the Commission requires SCE to replace those MW, the unsubscribed MW could be transferred to RAM program at that time. (*Id.*) Finally, SCE asserts that it is premature to direct SCE to have had two more competitive solicitations beyond those already required. (*Id.*)

SCE asserts that it has been reasonable in its actions during previous solicitations and that there have been “roadblocks to cost-competitive procurement [in the IPP program] outside of SCE’s control.”

(SCE Response at 3.) The “roadblocks” cited by SCE include the absence of a 2011 RFO, the significant number of early projects that were selected but were then terminated, and weak bids in SPVP RFO 2. However, SCE asserts that it has made reasonable efforts to keep the selected projects on track and expects that customers will benefit going forward because of forecasts of declining solar panel prices and increasing solar competition.

The Division of Ratepayer Advocates (DRA)<sup>3</sup> submitted Comments on Solar Energy Industries Association Petition for Modification of D.09-06-049 and D.12-02-035 (DRA Comments) on July 10, 2013. DRA is concerned that the proposed changes are “unnecessarily complicated and not cost-effective.” (DRA Comments at 2.) Like SCE, DRA does not support SEIA’s request to modify the IPP portion of the program. As an alternative, DRA recommends that if SCE fails to procure the full 125 MW of IPP PV at the end of SPVP, and if the Commission determines that

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<sup>3</sup> The Division of Ratepayer Advocates (DRA) was renamed the Office of Ratepayer Advocates (ORA) effective September 26, 2013, pursuant to Senate Bill 961 (Budget Act of 2013 Public Resources) which was approved by the Governor on September 26, 2013.

procuring the remainder is required, then the remaining MW should be transferred to RAM. (*Id.*) DRA argues that such a transfer would “reduce costs, promote simplicity, and maximize program efficiency.”

(DRA *Comments* at 3, citing D.13-05-033 at 10-12.) DRA asserts that there are other programs such as the Feed-in-Tariff and RAM that could provide support for new distributed solar PV projects. (*Id.*)

SEIA, in its Reply to the Responses of SCE and the DRA to Petition for Modification of D.09-06-049 and D.12-02-035 (SPVP) (SEIA Reply) filed on July 22, 2013, asserts that there are two fundamental reasons why transferring any remaining IPP MW to RAM would not fulfill the objectives of the SPVP program. First, SEIA asserts that the purpose of the SPVP program is to develop one to two MW solar rooftop projects located near load. In contrast, RAM does not allow projects smaller than 3 MW and does not specifically promote rooftop solar. (SEIA Reply at 4.). Second, the RAM program will end prior to the SPVP program, making it impossible to transfer any MW to RAM after the end of SPVP. (*Id.* at 5.)

SEIA also reiterated its arguments that the Commission should direct SCE to include all remaining IPP MW in the next SPVP RFO and to hold two additional auctions. SEIA argues that such actions are necessary in part to give potential IPP developers enough confidence in the program to promote competitive bidding. (*Id.* at 3.)

## **5. Discussion**

We grant the PFM of SEIA, in part. Primarily, we will require that SCE solicit the remaining uncontracted MW up to 125 MW as of the time of RFO launch, during the fourth SPVP RFO planned for 2014. We require this primarily because the Commission and SCE have previously made a commitment, through

the original design, authorization, and subsequent modifications to the SPVP program, to the solar PV market segment represented by the terms of the program (*i.e.*, the 1-2 MW solar rooftop market segment). Although this market has proven to be somewhat more difficult to reach and the costs may be somewhat higher than some other solar market segments, we want to carry through on our original commitment to see if we can make progress in this market area as we have in others.

We are not convinced that SCE has yet made enough of an effort to develop this market segment which represents local generation near the load centers, which is distinct from the type of generation eligible for the RAM program. By the terms of D.10-05-035, the RAM Program is closed to projects under 3 MW in size. This smaller size of projects is now eligible for the Feed in Tariff program. However, the original five-year time period for the SPVP program has not yet elapsed, and the five solicitations originally contemplated have not yet been conducted. While it is likely, as suggested by both SCE's and DRA's comments and acknowledged above, that the size projects targeted by the SPVP program may be more expensive than RAM projects, we are not yet convinced that there could not be breakthroughs in the SPVP market segment that would allow for cost reductions in this market as well. The original program design of five solicitations over five years was designed to allow for innovations and potential cost reductions to take place.

In addition, another significant event has occurred in the SCE service territory since the SPVP program was launched. Namely, the San Onofre Nuclear Generating Station (SONGS) has been permanently closed. Therefore, SCE's need for local generation has only increased since the original SPVP program authorization, and there is an accelerated need for as much of the

replacement capacity as possible to come from preferred resources in the affected local areas. For these reasons, we wish to require SCE to at least fulfill our requirement for 125 MW of IPP projects in the SPVP program.

To maximize program effectiveness given these changed circumstances related to the SONGS closure, we will also allow SCE to give preference to SPVP projects located in the local areas most impacted by the closure. SCE may specifically solicit such project locations in their RFO(s), and may also give preference in the bid selection process to projects that will provide greater local resource adequacy benefits, so long as the costs of those projects are no more than 10 percent higher than similar projects in other locations outside of the SONGS local areas.

Next, we will require SCE to conduct one additional solicitation after SPVP RFO 4, if RFO 4 does not result in a total of 125 MW of IPP projects under contract in the SPVP program. This one additional solicitation would be required no later than the end of 2015. This fifth solicitation would be the equivalent of one “clean up” solicitation, as requested by SEIA’s PFM, and not two, and would only take place if RFO 4 does not result in enough SPVP projects under contract to reach the 125 MW program requirement for IPP projects.

Finally, we wish to modify, on our own motion, one aspect of D.12-02-035, which allows SCE to file a Tier 2 Advice Letter if the MW contracted by SPVP in the IPP portion does not reach 115 MW. Because of the changed circumstances since the adoption of that decision, we will now require that SCE file a petition to modify this decision if the contracted capacity in SPVP does not reach 125 MW for the IPP portion after two more solicitations are conducted.

Such a petition for modification should be filed by SCE no earlier than the time of the submission of the last set of contracts for Commission approval under

the SPVP after the final authorized solicitation is completed. If SCE does not have at least 125 MW under contract after two more solicitations, and chooses to exercise the option to petition to modify this decision, SCE shall propose at least three options for our considerations: 1) to terminate the SPVP program at that time, 2) to move remaining MW capacity into the RAM program (if it is still conducting solicitations), or 3) to move remaining MW into the Feed in Tariff program. SCE shall provide sufficient rationale and justification for the option chosen, as well as the rationale for why the options not chosen are not reasonable or feasible. Thus, SCE's ability to file a Tier 2 Advice Letter to terminate the SPVP program, granted in D.12-02-035, is hereby rescinded due to the changed circumstances surrounding SCE's local capacity needs resulting from the closure of SONGS. Finally, if SCE proposes the third option above to propose moving remaining MW in this program into the Feed in Tariff program, it shall simultaneously file a petition to modify D.12-05-035 or another appropriate decision in Rulemaking 11-05-005 related to the Feed in Tariff program.

We deny all other portions of the SEIA PFM.

## **6. Comments on Proposed Decision**

The alternate proposed decision of Commissioner Peterman in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_ by \_\_\_\_\_. Reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_. \_\_\_\_\_.

## **7. Assignment of Proceeding**

Michael R. Peevey is the assigned Commissioner and Maryam Ebke is the assigned ALJ in this proceeding.

**Findings of Fact**

1. The SPVP program was designed to target primarily 1-2 MW rooftop solar installations in the SCE service area. This is different from the type of project eligible under RAM, which may be between three and 20 MW in size.
2. The original SPVP program authorization contemplated five separate solicitations being conducted over a period of five years.
3. After completing two of the required competitive solicitations, SCE has procured less than 25 percent of the MW allocated to the IPP portion of SPVP.
4. SPVP RFO 3 launched in September 2013.
5. SPVP RFO 4 was slated to be the last SPVP RFO.
6. The permanent closure of SONGS has increased SCE's need for local generation, particularly clean local generation.
7. The acute need for clean local generation near SCE's load center after the closure of SONGS justifies giving preference of no more than a 10 percent cost premium in upcoming SPVP RFOs to well-located SPVP projects.

**Conclusions of Law**

1. SEIA reasonably justifies why the PFM was not filed within 12 months of the effective date of the decisions proposed to be modified.
2. SEIA's reasons for requesting changes to SPVP are reasonable and also have been overtaken by events related to the SONGS closure.
3. SEIA's PFM should be granted, in part, to allow for additional IPP MW to be solicited and contracted in the SPVP program.
4. SCE's authority, granted in D.12-02-035, to develop less than 115 MW, or to seek other relief such as extending the deadline for procurement of IPP MW, by Tier 2 Advice Letter 180 days before the end of SPVP, should be rescinded.

5. SCE should be required to conduct at least one more SPVP RFO to solicit the remaining MW available in the program up to 125 MW after the contracts from RFO 3 are submitted.

6. If SCE's SPVP RFO 4 does not result in sufficient contracts to meet the 125 MW IPP requirement in SPVP, SCE should be required to conduct one additional solicitation prior to the end of 2015.

7. If SCE does not successfully contract for 125 MW of IPP SPVP projects after two more solicitations (RFO 4 and RFO 5, if needed), SCE should be required to file a petition to modify this decision explaining the rationale for one of three options: 1) terminating the program entirely, 2) transferring the remaining MW to reach 125 MW total into the RAM program, or 3) transferring the remaining MW to reach 125 MW into the Feed in Tariff program. SCE should also explain why it has not chosen the other options or has suggested an additional one.

8. If SCE chooses to file a petition to modify this decision to move remaining MW up to 125 MW into the Feed in Tariff program, SCE should file a simultaneous petition to modify D.12-05-035 or the appropriate decision in R.11-05-005.

9. This order should be effective today so that certainty is provided to SCE with respect to its SPVP IPP efforts.

## **O R D E R**

### **IT IS ORDERED** that:

1. The Petition of the Solar Energy Industries Association for Modification of Decision (D.) 09-06-049 and D.12-02-035 is granted, in part, and denied in all other respects.



2. Southern California Edison Company shall conduct a fourth Request for Offer (RFO) in its Solar Photovoltaic Program to solicit all of the remaining uncontracted capacity up to 125 megawatts from independent power producers, as calculated after the contracts resulting from the third RFO are submitted for California Public Utilities Commission's approval.

3. If, after conducting a fourth Request for Offer (RFO) in the independent power producer portion of its Solar Photovoltaic Program, Southern California Edison Company (SCE) still does not have at least 125 megawatts (MW) of projects under contract, SCE shall conduct a fifth RFO for the total remaining capacity to reach 125 MW, by no later than the end of 2015.

4. Southern California Edison Company may propose in Request for Offer (RFO) 4 and RFO 5, if it is necessary, to give preference to projects located within the local area affected by the permanent closure of the San Onofre Nuclear Generating Station. Preferred local areas may be requested in the solicitation itself, and any preference proposed or given may not represent a cost differential of any more than 10 percent compared to projects located outside of the preferred geographic area.

5. If, after conducting two more solicitations in its Solar Photovoltaic Program (SPVP) after the adoption of this decision and before the end of 2015, Southern California Edison Company (SCE) does not have at least 125 megawatt (MW) of SPVP capacity under contract to independent power producers, SCE shall file a petition to modify this decision to propose one of three options: 1) to terminate the SPVP entirely, 2) to transfer the remaining capacity up to 125 MW uncontracted into the Renewable Auction Mechanism program, if it still exists at that time, or 3) to transfer the remaining capacity up to 225 MW uncontracted into the Feed in Tariff program. If SCE files such a petition to modify, it shall justify why its proposed disposition of the remaining uncontracted SPVP

capacity is reasonable and the other options are not. Such a petition to modify shall be filed no earlier than the time the final SPVP contracts are submitted to the California Public Utilities Commission for approval by SCE. If SCE files such a petition to modify this decision and elects to recommend the option to transfer remaining MW into the Feed in Tariff program, SCE shall also file a simultaneous petition to modify Decision 12-05-035 or the appropriate decision in Rulemaking 11-05-005.

6. The authorization for Southern California Edison Company to file a Tier 2 Advice Letter to terminate the Solar Photovoltaic Program, which was authorized in Decision 12-02-035, is hereby rescinded.

7. Application 08-03-015 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.